

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF IOWA

UNITED STATES OF AMERICA,

Plaintiff,

V.

JOHN FRANCIS HOLTSINGER,

Defendant.

Criminal No. 12-CR-058

INDICTMENT

15 U.S.C. § 78

15 U.S.C. § 77

15 U.S.C. § 80b

18 U.S.C. §1343

18 U.S.C. § 1957

**FILED**

**MAY 23 2012**

**CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF IOWA**

## THE GRAND JURY CHARGES:

## Introductory Allegations

1. Beginning no later than June 2005, in the Southern District of Iowa, defendant JOHN FRANCIS HOLTSINGER solicited investment funds from individuals around the State of Iowa, including individuals in the Southern District of Iowa.

2. HOLTSINGER represented to potential investors that he would manage their investments for them by moving the funds from their existing investment accounts to accounts held at or through Interactive Brokers. HOLTSINGER caused investors to open Interactive Brokers brokerage accounts. He used the investors' passwords to make trades on their behalf.

3. After conducting trades on behalf of investors for a short period of time, HOLTSINGER offered and sold investments to the investors in the form of promissory notes. He represented that the notes would yield high returns with no risk including, but not limited to, what he called an “inheritance investment” that would be invested through his mother and pay out upon her death. The “inheritance investment” required a \$20,000 deposit and was to pay annual returns of 9% with automatic liquidation and payout if the

investment dropped below 3% of its initial value. HOLTSINGER represented to investors that they could make higher returns on investments through and with him.

4. HOLTSINGER solicited funds from investors through direct appeals, and relied largely upon word of mouth in finding potential investors.

5. During the period of approximately December 2009 and continuing until approximately February 2011, HOLTSINGER received at least \$493,000 from investors and deposited the funds into accounts he controlled. The individual investment amounts varied from \$1,200 to \$70,000 and were transmitted via wire or hand-delivery of a check to HOLTSINGER. Of the \$493,000 in funds received from investors, only \$155,000 was transferred to an investment account at Interactive Brokers. The remainder was deposited into accounts controlled by HOLTSINGER and used by him to further his scheme and for his personal use including, but not limited to, legal expenses, cash withdrawals, payment of living expenses, trips, accessing web-based "dating" sites, and other purposes different than he represented to investors.

**Count 1  
(Securities Fraud)**

6. The Grand Jury restates and realleges Paragraphs 1-5 as if set forth fully herein.

7. From on or about January 2009 and continuing until on or about May 2012, in the Southern District of Iowa and elsewhere, the defendant, JOHN FRANCIS HOLTSINGER, unlawfully and willfully, directly and indirectly, by the use of means and instrumentalities of interstate commerce and of the mails and in connection with the purchase and sale of securities, did use and employ manipulative and deceptive devices and contrivances, in violation of Title 15 United States Code sections 78j(b) and 78ff and

Title 17 Code of Federal Regulations section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting material facts necessary to make statements not misleading; and (c) engaging in transactions, acts, practices and courses of business which operated and would operate as a fraud and deceit upon the investing public, government regulators, and other person and entities.

This is a violation of Title 15, United States Code, Sections 78j(b) and 78ff and Title 18, Code of Federal Regulations, Section 240.10b-5.

**THE GRAND JURY FURTHER CHARGES:**

**Count 2  
(Sale of Unregistered Securities)**

8. The Grand Jury restates and realleges Paragraphs 1-7 as if set forth fully herein.

9. From on or about January 2009 until on or about May 2012, in the Southern District of Iowa and elsewhere, HOLTSINGER willfully sold and promoted investments which qualify as "securities," and which he knew or had reason to know were not registered as required by law.

This is a violation of Title 15, United States Code, Sections 77e and 78x.

**THE GRAND JURY FURTHER CHARGES:**

**Count 3  
(Unregistered Broker-Dealer)**

10. The Grand Jury restates and realleges Paragraphs 1-5 as if set forth fully herein.

11. From on or about January 2009 and continuing until on or about February 2011, in the Southern District of Iowa and elsewhere, the defendant, JOHN FRANCIS HOLTSINGER, unlawfully and willfully, engaged in the business of effecting transactions in securities for the accounts of others or for his own account through a broker or otherwise, directly and indirectly, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in or to induce or attempt to induce the purchase or sale of a security knowing that he was not registered as required by law.

This is a violation of Title 15, United States Code, Section 78o.

**THE GRAND JURY FURTHER CHARGES:**

**Count 4  
(Unregistered Investment Adviser)**

12. The Grand Jury restates and realleges Paragraphs 1-5 as if set forth fully herein.

13. From on or about January 2009 and continuing until on or about February 2011, in the Southern District of Iowa and elsewhere, the defendant, JOHN FRANCIS HOLTSINGER, unlawfully and willfully, for compensation engaged in the business of advising others, directly or through publications or writings, and made use of the mails or means or instrumentalities of interstate commerce in connection with his business as an investment adviser knowing that he was not registered as required by law.

This is a violation of Title 15, United States Code, Section 80b-3.

**THE GRAND JURY FURTHER CHARGES:**

**Count 5  
(Securities Fraud)**

14. The Grand Jury restates and realleges Paragraphs 1-5 and 12-13 as if set forth fully herein.

15. In acting as an unregistered investment advisor, the defendant, JOHN FRANCIS HOLTSINGER, employed a device, scheme or artifice to defraud clients and prospective clients and engaged in a transaction, practice, and course of business which operates as a fraud or deceit upon any client or prospective client and engaged in acts, practices, and a course of business which is fraudulent, deceptive, or manipulative as to any person.

This is a violation of Title 15, United States Code, Section 80b-6.

**THE GRAND JURY FURTHER CHARGES:**

**Counts 6-19  
(Wire Fraud)**

16. Paragraphs 1-5 are incorporated as if set forth fully herein.

17. From on or about January 5, 2009, and continuing until November 5, 2010, in the Southern District of Iowa and elsewhere, the defendant, JOHN FRANCIS HOLTSINGER, unlawfully, knowingly and willfully devised and participated in, and intended to devise and participate in, a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, promises and omissions of material fact. In furtherance of that scheme, HOLTSINGER transmitted and caused to be transmitted the following funds by means of interstate wires on or about the specified dates, with each wire constituting a separate count:

- i. **Count 6:** wire of \$50,000 from the account of investor J.S., whose identity is known to the Grand Jury, to the joint checking account held by HOLTSINGER and his elderly mother on or about December 30, 2009;

- ii. **Count 7:** \$30,000 wire from the joint checking account of Holsinger and his elderly mother to Interactive Brokers on or about January 12, 2010,
- iii. **Count 8:** \$16,000 wire from investor K.D., whose identity is known to the Grand Jury, to HOLTSINGER on or about January 15, 2009
- iv. **Count 9:** \$30,000 wire from investor K.D. to HOLTSINGER on or about March 16, 2010;
- v. **Count 10:** \$30,000 wire from investor I.G., whose identity is known to the Grand Jury, to HOLTSINGER on or about May 5, 2009;
- vi. **Count 11:** \$41,000 wire from investor I.G. to HOLTSINGER on or about September 22, 2009;
- vii. **Count 12:** \$40,000 wire to HOLTSINGER from investor J.G., whose identity is known to the Grand Jury, on or about May 4, 2009;
- viii. **Count 13:** \$40,000 wire to HOLTSINGER from J.G. on or about March 18, 2010;
- ix. **Count 14:** \$25,000 wire from HOLTSINGER to Interactive Brokers on or about September 28, 2009;
- x. **Count 15:** \$5,800 wire from Interactive Brokers to HOLTSINGER on or about October 2, 2009;
- xi. **Count 16:** \$15,000 wire from Interactive Brokers to HOLTSINGER on or about November 2, 2009;
- xii. **Count 17:** \$50,000 wire from HOLTSINGER to Interactive Brokers on or about March 19, 2010;
- xiii. **Count 18:** \$10,000 wire from Interactive Brokers to HOLTSINGER on or about March 25, 2010; and
- xiv. **Count 19:** \$5,000 wire from Interactive Brokers to HOLTSINGER on or about April 5, 2010.

Each count is a violation of Title 18, United States Code, Section 1343.

**THE GRAND JURY FURTHER CHARGES:**

**Count 20  
(Money Laundering)**

18. The Grand Jury restates and realleges Paragraphs 1-5 as if set forth fully herein.

19. On or about December 21, 2007, in the Southern District of Iowa, the defendant, JOHN FRANCIS HOLTSINGER, unlawfully, knowingly and willfully

devised and participated in specified unlawful activity and knowingly engaged in a monetary transaction involving more than \$10,000 derived from that specified unlawful activity, that is, securities fraud in violation of 15 U.S.C. 78j(b) and 17 CFR 240.10B-5, knowing that the monetary transaction involved proceeds of a criminal offense within the United States and which in some way or degree affected interstate commerce; specifically, HOLTSINGER converted \$13,822 of investor funds to cash.

This is a violation of Title 18, United States Code, Section 1957.

**A TRUE BILL.**

/s/  
FOREPERSON

Nicholas A. Klinefeldt  
United States Attorney

By: /s/ Stephen H. Locher  
Stephen H. Locher  
Special Assistant United States Attorney

By: /s/ Chantelle Smith  
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